



January 2009

2009 Legislative Session Report

Background

The composition of the Legislature in 2009 slightly changed as a result of elections. Democrats in the Senate lost one seat, but retain a 31-18 majority. In the House, Democrats hold a 62-36 advantage. This is the same margin in the House that was produced by the 2006 election. However, it is a net loss of one seat for the Democrats from their ranks in the 2008 session (after one legislator changed party affiliation from Republican to Democrat). In the Senate, the second-ranking leadership position was filled by Sen. Ed Murray, upon the retirement of Sen. Harriet Spanel. In the House, the only major change will come in the position of Democratic Caucus Chair. Rep. Bill Grant passed away recently, and a replacement has not been selected.

Committees

One of the most talked-about changes comes with the retirement of Rep. Helen Sommers, who has served in the Legislature since the 1970s and has led the House Appropriations Committee since 1994. The Appropriations Committee has been renamed the House Ways and Means Committee and will be chaired by Rep. Kelli Linville of Bellingham.

The House fiscal committee structure also is changed. A third fiscal committee charged with advising the Ways and Means committee has been created. Education Appropriations, General Government Appropriations, and the newly formed Health and Human Services Appropriations are the three committees that will make recommendations on the budget to the Ways and Means Committee. They have become standing committees. Rep. Hans Dunshee returns to the position of chairman of the House Capital Budget Committee.

The most significant change in the Senate Ways and Means Committee has been the selection of Sen. Rodney Tom as the new vice chair for operating appropriations, replacing Sen. Craig Pridemore.

The Senate Higher Education Committee has been replaced with a senate committee on Higher Education and Workforce Development. This is one of the few senate committees that became larger in 2009. Sen. Derek Kilmer is the new chairman of the Higher Education and Workforce

Development Committee. The Vice Chair is Sen. Fred Jarrett and the ranking Republican is Sen. Randi Becker. All Republican members are new to the committee. Only two of the Democrats are not new to the committee. Sen. Shin remains a member and also becomes the chair of a newly created International Relations Subcommittee of the Economic Development, Trade and Innovation Committee.

The House Higher Education Committee retains as Chair Rep. Deb Wallace, as Vice Chair Rep. Mike Sells and Rep. Glenn Anderson as ranking minority member.

Higher Education Retirement Plans

Legislation has been introduced to authorize the Higher Education Coordinating Board (HECB) to offer higher education annuities and retirement income plans (Senate Bill 5308). HECB is the only higher education agency (college, university or related board) in the state of Washington that does not have the authority to offer its employees a purchased annuity and retirement income plan, also known as a higher education retirement plan. This bill passed the House in the 2008 session.

HECB is at a competitive disadvantage to recruit candidates who have higher education experience for key positions without the ability to offer continuation of current higher education retirement plans. The bill prohibits participation by HECB employees who are retirees from public retirement systems. The House companion version is HB 1545.

Tuition

In 2003, the Legislature granted baccalaureate institutions and the State Board for Community and Technical Colleges (SBCTC) authority to set tuition for non-resident, graduate and professional, and all other categories of students except resident undergraduates. This authority was established for a six-year period and is scheduled to end with the current academic year. A proposal, submitted by request of HECB, would authorize the governing boards of public baccalaureate institutions and the state board for community and technical colleges to continue to set tuition for all students *except resident undergraduates* in 2009-10 and subsequent years.

The measure is important for maintaining quality and to enable institutions to respond in a timely manner to student and employer demand, to strengthen the ability of institutions to do more reliable planning, and to have a predictable revenue to support these programs. The bill has been introduced in the House as HB 1235, sponsored by Reps. Wallace, Anderson, and others. The Senate version will be prime-sponsored by Sen. Kilmer, and will be introduced soon.

A number of additional proposals concerning tuition are expected to be discussed this session. Gov. Gregoire directed the HECB in her budget proposal to examine a “graduated tuition” policy. This would involve tuition levels that vary with the ability of a student and his or her

family to pay the tuition. Miami of Ohio, a public institution, is considered a model for the graduated tuition concept. Tuition there is about \$25,000 per year, with Ohio residents paying up to half that amount, with a range of about \$2,000 above or below that average.

Legislation is expected to be proposed to move state policy toward a high tuition-high financial aid model. Further details are not yet available.

Belt-Tightening

Senate Ways and Means Committee leaders on Thursday introduced SB 5460, which would immediately prohibit state agencies and higher education institutions from granting any salary increases to exempt employees for 12 months. The bill also prohibits, until July 1, creating new positions or filling vacant positions, spending on out-of-state travel, and signing any personal service contracts or purchasing any equipment costing more than \$1,000. Exceptions to the ban on creating or filling vacant positions are allowed for public health, safety, law enforcement, and revenue collections. Further exceptions to the prohibitions could be granted by the director of the Office of Financial Management after 10 days' notice to the legislative fiscal committees. The prohibitions apply not just to state funding but to all sources of funds. The bill was scheduled for public hearing Thursday.

Financial Aid

Tuition could be frozen for individual students under "progression" agreements institutions are authorized to enter with students under SB 5174. Students who do not obtain their degree or certificate within the time period established by the agreement would have to pay the amount by which tuition had increased during their enrollment, with interest, unless the delay in completing the program was due to the institution's failure to fulfill its obligations. Public hearing is set for Jan. 28 at 3:30 p.m. in the Senate Higher Education & Workforce Development Committee.

Senate Bill 5044 revises the state work study program, limiting eligibility to state residents. The bill also places a stronger emphasis on program placements in high employer demand fields of study and off-campus placements.

The American Indian Endowed Scholarship program would be revised under SB 5001. The bill would eliminate the requirement that state funds appropriated to the trust fund be matched by private contributions. This would allow quicker investment of any state funds, generating more interest earnings, permitting more or higher value scholarships to be awarded. Public hearing is scheduled for Jan. 28 at 3:30 p.m. in the Senate Higher Education & Workforce Development Committee.

Lifelong Learning Accounts, or LILAs, are portable, employee-owned and employer-matched savings accounts dedicated to covering the cost of tuition, fees, books, supplies, and equipment for working adults seeking education and training to improve their job skills. House Bill 1129 would create a steering committee, convened and staffed by the WTECB, to develop a framework for establishing the program. HECB would serve as a member of the committee, and would enter an interagency agreement with WTECB to provide technical assistance. The committee would address technical and budget issues, identify marketing strategies, and design a performance accountability system. Reports are required of the committee by Sept. 1, 2010 and every two years thereafter. Public hearing was held Jan. 19 in House Community & Economic Development and Trade Committee.

Senate Bill 5077 would direct HECB to establish a pilot program permitting up to 100 students to receive State Need Grant for attendance at one of the historically Black Colleges. The program would expire June 30, 2014 and requires a report with recommendations by December 15, 2014.

Senate Bill 5043 (companion HB 1130) would direct HECB to form a work group to develop by December a plan for creating a single student access portal along the lines suggested by HECB. It would provide comprehensive information and applications for financial, academic and career planning, admissions, scholarships, financial aid, and other information. The work group would also identify resources necessary to build and maintain the portal, and develop recommendations concerning implementation.

The Promise Scholarship program would be re-established under SB 5175, with a few changes from the previous program that has not received funding since 2005. For academic eligibility, students would need to graduate from high school in the top 10 percent of their class, or achieve a score at the 90th percentile on the SAT or ACT if the student was home-schooled or is 21 years old and holds a GED. Eligibility would be limited to those not over 135 percent of median income, and would only go to resident students. The award amount could be for two years, and would be within available funds up to full-time resident tuition at UW.

A new Opportunity Internship program would be created under HB 1355. Tenth through 12th grade students at public high schools who qualify for free or reduced-price lunch would be eligible to participate, up to 1,000 students statewide annually. Students who complete an internship in high demand occupations and graduate from high school would be entitled to one year of financial aid through the State Need Grant program provided the student enrolls in a postsecondary high-employer-demand program of study within one year of high school graduation. WTECB administers the program and HECB serves as fiscal agent and is assigned various specific responsibilities for administering financial aid. The bill will have a public hearing in the House Education Committee at 1:30 p.m. on Jan. 28.

The UW would be given unrestricted authority to set building fees under SB 5078. Building fees are one of the required fees that constitute “tuition and fees.” As a result, if total tuition and fee amounts are affected by this legislation, further impacts on financial aid programs and GET programs costs could occur. However, while HECB staff are still analyzing this legislation, it appears total resident undergraduate tuition and fees would not be changed due to the statutory seven percent cap on annual increases, mitigating or avoiding any such impacts.

A proposal considered in previous years, dubbed “Field of Dreams,” is back this session. House bill 1428 would award students working in agricultural jobs 10 GET units for every 350 hours worked. Students would need to be 16 to 21 years old, state residents, high school students or graduates or holders of a GED, and be working for a qualified agricultural employer to qualify. A maximum of 100 GET units could be awarded through the program.

A broad effort to re-brand all or some financial aid programs under the single heading of “Opportunity Grants” is under discussion. This could be accompanied by some degree of consolidating, streamlining, or reducing funding for individual financial aid programs.

There is an idea being considered that would extend financial aid to students enrolled in dual credit programs, perhaps in particular the College in the High School program. The bill has not yet been introduced.

Program Authorization

Rep. Mike Sells has introduced HB 1467, which establishes a third branch campus of the University of Washington in Snohomish County. The new campus would have as a top priority the expansion of upper-division capacity for transfer students and graduate capacity and high-demand programs with a particular focus on science, technology and engineering. Lower-division admissions are also authorized gradually in accordance with a plan to be submitted to the HECB.

Sen. Steve Hobbs has re-introduced legislation from last session, SB 5106, creating a new unaffiliated polytechnic baccalaureate institution in Snohomish County. A local taxing authority would be created and could raise funding through a 2/10 of a percent sales tax to support the institution for a period of time until the state assumes funding responsibility. Half of the enrollment would have to be residents of the taxing district. If an institution is not created and a site selected by Oct. 1, 2010 the authorization expires.

Under SB 5237, public baccalaureate institutions must develop accelerated baccalaureate degree programs that will allow academically qualified students to obtain a bachelor’s degree in three years without attending summer term or enrolling in more than a full-time class load during the regular academic year. Academically qualified is defined as having at least a 3.5 GPA or a score

at the 90th percentile or higher on the SAT (both critical reading and math sections) or ACT (both reading and math sections). Students would be able to begin course work within their academic field during their first term of enrollment. Students would skip some of the normal first-year general education requirements. Institutions would be required to submit their plans for accelerated programs by Dec. 1, 2010 to the HECB for approval. The programs would be available to students attending in the 2010-11 academic year. The bill will have a public hearing Jan. 28 at 3:30 p.m. in the Senate Higher Education & Workforce Development Committee.

Technical colleges would be authorized to offer academic transfer degrees under legislation considered in 2008 and introduced this year as SB 5007. The focus is on transfer degrees leading to “professional bachelor’s degrees,” defined by SBCTC as preparation for occupations such as engineering, pre-nursing, business, construction management, and teacher preparation for secondary education in science, technology and mathematics.

Current law states that the UW and WSU are the only institutions allowed to offer courses of study in several disciplines, including civil, mechanical and chemical engineering. Aeronautic and astronautic engineering are identified as courses of study to be offered exclusively by UW. House Bill 1312 removes these engineering disciplines from the lists of courses to be offered exclusively by UW and WSU. The bill is scheduled for public hearing on Jan. 30 in House Higher Education at 8 a.m.

Miscellaneous

The University of Washington is seeking \$150 million to cover half the cost of preservation and safety work on Husky Stadium. UW is seeking state authorization to bond against future revenue from taxes currently levied in King County to finance the Kingdome, Safeco and Qwest Field. These lodging, car rental and food and beverage taxes in King County restaurants, taverns and bars would become “available” at various times between 2012 and 2021. UW would cover the remaining \$150 million cost through premium seating revenue and donations.

UW is seeking authority to consider additional methods for developing non-state funded capital projects. Procurement models currently authorized include design-bid-build, general contractor construction manager, and design-build methods. Additional methods are available within certain project size limitations. The proposal would allow the UW to consider a wider range of approaches to facility construction and development in a wider range of circumstances – *when the project does not include any state appropriated funds*. For example, the small works roster could be used on more projects through raising the threshold for project eligibility from \$1 million to \$10 million. A pre-qualification model (currently used by the state Department of Transportation) and lease/leaseback authority (currently available to counties with a population greater than one million) would be among the new options available.

UW is also seeking authority to protect proprietary information related to investments made by its endowment in privately-managed funds. The UW's \$2.1 billion endowment cannot be invested in some privately-managed funds, thereby lowering the rate of return earned by the endowment, due to uncertainty about the ability of UW to prevent public disclosure of trade secrets, research data, and other proprietary information. UW states that it could realize an additional return of \$20 million to \$30 million per year with the statutory change. Summary information, such as the name of the fund, amounts invested, and returns realized, would be disclosed.

Beginning with the fall 2009 academic term, SB 5188 would hold school districts responsible for the cost of remedial education for high school graduates who enroll in a 2- or 4-year college within three years of graduation, and are required by the college to take precollege (remedial) courses. Once notified by a college that one of its students requires remedial coursework, a school district could either provide the needed instruction "in a timely manner" or would pay the cost, as determined by the college, of each state-supported precollege class taken by the student. College students requiring precollege courses would not be required to pay for the remedial coursework.

Legislation has been introduced in both the House (HB 1487) and the Senate (SB 5405) defining a resident, for tuition purposes, as anyone who has lived in the state for one year for non-educational purposes and who has lawful nonimmigrant status under the guest worker Visa classification or is the spouse or child of someone with such status.

A joint select committee would be established to address access to higher education for Latinos under Senate Concurrent Resolution 8403. In consultation with the State Commission on Hispanic Affairs, the committee of eight legislators would report findings and recommendations to the 2011 legislative session. The project would examine ways to increase awareness of challenges facing the Latino community, investigate ways to provide appropriate financial aid, improve articulation and transfer, and provide information about cost and accessibility of higher education.

Legislation has been introduced (SB 5173) that would authorize each of the comprehensive institutions to grant honorary degrees. Current law authorizes these institutions to grant honorary bachelor's and master's degrees.

House Bill 1096 is intended to give preference to small businesses and Washington-based firms that provide small business subcontractor participation when state agencies and higher education institutions purchase goods and services. Agencies, including higher education institutions, are also directed to provide technical assistance to small businesses and to allow alternative methods of meeting inventory requirements in contracts.